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S agricultural situation

THE CROP REPORTERS MAGAZINE
U.S. DEPARTMENT OF AGRICULTURE • CROP REPORTING BOARD

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JULY

AUGUST

SEPTEMBER

SETTING THE FACTS & FIGURES FOR AGRICULTURE

SETTING THE FACTS & FIGURES FOR AGRICULTURE

Forty-five times this year a small group of agricultural specialists will be sequestered from the world preparing the official facts and figures that will influence America's biggest business.

The Department of Agriculture's Crop Reporting Board, isolated behind locked doors with phones disconnected and unable to leave their guarded Washington quarters, reviews the results of well refined surveys of the Nation's agricultural sector. Only authorized individuals may enter the Board's area during a lockup; and no one leaves until the report is released at the set time of 3:00 p.m.

Melodramatic? Overcautious? Unnecessary? Absolutely not!

The estimates developed by the Crop Reporting Board are targeted for those most personally concerned, the producers. The estimates are tools to aid farmers and ranchers in working out their planting, breeding, feeding, storing, purchasing, and marketing plans. Exactly how the data may be used depends on the type of farm and the action needed to be taken. For example, a producer may decide to cut hog production or switch from corn to soybeans, or hold wheat for sale beyond the usual selling date, or feed more cattle.

The unbiased estimates are the meeting ground for producers and those they deal with across the agricultural network. Producers can't operate independent from other market factors. They are affected by the transactions of commodity buyers and speculators, program adjustments by State and Federal legislators, resource allocations by chemical and equipment manufacturers and transportation firms, actions by domestic and foreign traders, decisions by farm organizations, millers, packers, insurance companies, and lending institutions. University, government, and private economists use the estimates to predict supply and demand conditions farmers are likely to encounter.

Without the Crop Reporting Board's evaluations of agriculture, farmers would have to rely on information developed by individual companies, commodity speculators, and others with sufficient resources to generate their own estimates.

Some farmers feel that crop reports depress market prices and that they would be better off without any USDA estimates. But realistically, it's the supply actually entering the market scene in relation to existing demand that controls the price. Recent university studies have found that farm product prices are as likely to rise as fall following release of a USDA statistical report. Simply abandoning crop estimates couldn't help the producer. It's impossible to conceal an unusually large potential supply because too many buyers would know about it from their own private estimating services.

The Crop Reporting Board's special security conditions are imposed when the forecasts concern corn, wheat, cotton, soybeans, potatoes, oranges, cattle, and hogs. These items are "speculative" because they are heavily traded on

the futures market, and anyone with advance information about production prospects would have an unfair advantage. Reports for all other commodities are prepared behind closed doors and published at regularly scheduled times. No one outside the Crop Reporting Board has access to the data before release, nor does anyone influence the Board's decisions.

The Board annually issues several hundred reports covering 150 crops and 50 livestock and related products, plus summaries of prices, labor, farm numbers, and other topics. The Board—a part of USDA's Economics, Statistics, and

Cooperatives Service—also publishes local and regional information through 44 field offices serving all States. Together, these continuing series of reports help maintain an orderly association among the output, supply, and marketing elements of agriculture. The information is readily available to the public.

The reports are released at a scheduled date and time to assure equal access. News services, radio-TV, and newspapers carry the highlights of the information, and farmers can call a toll-free number, 800-424-7964, the same evening the report is released to hear a summary of the facts.



Enumerators personally interview thousands of producers each year for information on acreage, livestock numbers, farm labor, and other agricultural activities.

Sample surveys provide the information for most of the estimates. That is, what is happening with the total group can be accurately inferred from contacts with a selected portion of the producers. This method yields reliable results and is far less costly in time and money than attempting to make a complete count.

Survey contacts are made by mail, telephone, personal interviews and in-the-field counts and measurements of growing crops. In some instances, farmers living in randomly selected land segments are asked for information about their crops, livestock, and other factors. The total acreage involved in these segments is less than 1 percent of all the land area in the 48 contiguous States; however, well monitored survey techniques assure that these segments adequately represent the Nation's agriculture. During late-May-early-June, representatives from the field offices serving the 48 conterminous States interview approximately 60,000

farmers operating land in 16,000 of these segments.

Other surveys draw their contacts from extensive lists of farmers operating in each State. This approach is used when the commodity to be estimated is produced by a limited number of farmers, such as fruit and vegetable crops, sheep, and turkeys. It is also used for cattle, hogs, and chickens where large numbers of animals or birds may be concentrated in very small geographic areas.

A significant point about these surveys is that producer participation is always voluntary. There are no penalties for noncooperation, nor is anyone paid to report. The survey program has operated this way since Congress gave the Patent Office \$1,000 in 1839 to "collect statistics and distribute seeds." Any information a farmer gives in a survey is strictly confidential and never leaves the State Statistician's office. The survey responses are used only to form State summaries for review by the Crop Reporting



Above: As copies of the report are placed face down in phone booths, reporters wait for the 3 p.m. release time. In minutes, details will be flashed across the country.

Right: Inside the lockup area, Secretary Bergland signs the official estimates just before their release.

Board. Only the Chairman and Secretary of the Board are permanently based in Washington; the other six members of each Board change with each report and include field office statisticians and headquarters commodity specialists.

Much of the input for yield estimates of major crops comes from on-the-spot examination of crops in the fields. In a recent season, sample plots were set up in 3,400 typical corn fields in 20 major producing States, over 1,600 soybean fields in 14 States, over 1,900 winter wheat fields in 16 States, and 2,500 cotton fields in 14 States.

The sample units are quite small; for corn, a two-row section 15 feet long; for wheat, three drill rows 21.6 inches long; for soybeans, a two-row section 3 feet long; and for cotton, a double row section 10 feet long. Monthly during the growing season, field workers visit the units to count plants and immature fruit. These counts are translated into yield forecasts by mathematical models. At maturity, the crop in the sample



plots is carefully harvested and sent to a laboratory for weighing and moisture determination.

The Crop Reporting Board has improved its forecasting abilities over the years. During the 1950's, the first corn production indication of the season came within about 7 percent of the estimate after harvest.

In recent years, the difference has been nearer 3 percent. Two decades ago the first winter wheat forecast—made in December for the crop to be harvested the following summer—averaged more than 15 percent away from the final production determination. So far this decade, the deviation is less than 6 percent. A comparison for soybeans shows an 8-percent difference in the 1950's compared with 4 percent now.

Crop reports provide estimates of acreages farmers intend to plant in the coming season, the acres planted and harvested, production and disposition of the crop, and remaining stocks. Forecasts of yield for major crops are issued monthly during the growing season.

Estimates of grain stored on farms come from survey responses to questionnaires mailed to 80,000 farmers. For grain stored off farms, contact is made with mills and elevators, oilseed processors, and USDA's Agricultural Stabilization and Conservation Service.

The program for livestock, dairy, and poultry covers a wide variety of items ranging from eggs in incubators through ice cream manufacturing. Estimates are based largely on sample surveys, although near total counts are made for some items. Marketings, slaughter, hatchery, and processing data are used to check the accuracy of the estimates.

Each month, the Board reports the prices paid and received by farmers, and ratios commonly used to compare the purchasing power of a farm commodity, such as a bushel of wheat, with the value of goods and services bought by farmers.

Other reports deal with fertilizer, seeds, cold storage holdings, floriculture, and the weather.

All production forecasts of the Crop Reporting Board refer to near-term prospects—those of the current season—not projections for several years ahead.



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FEATURES SCHEDULED FOR JULY AND AUGUST

June 30	Acreage & Prices	Aug. 2	Weather & Crops
Jul. 3, 4	Acreage Analysis	Aug. 3	Livestock Prices
Jul. 5	Weather & Crops	Aug. 4	Meat Prices
Jul. 6	Farm Price Analysis	Aug. 7	Vegetables
Jul. 7	Agricultural Outlook	Aug. 8	Weather & Crops
Jul. 10	Vegetables	Aug. 9	Agricultural Outlook
Jul. 11	Crop Production	Aug. 10	Crop Production
Jul. 12	Crop Analysis	Aug. 11	Supply & Demand
Jul. 13	Supply & Demand	Aug. 14	Cattle on Feed
Jul. 14	Dairy	Aug. 15	Weather & Crops
Jul. 17	Fats & Oils	Aug. 16	Export Outlook
Jul. 18	Weather & Crops	Aug. 17	Cattle Analysis
Jul. 19	Cattle on Feed	Aug. 18	Import Outlook
Jul. 20	Cattle Analysis	Aug. 21	Eggs, Chickens, Turkeys
Jul. 21	Livestock Slaughter	Aug. 22	Weather & Crops
Jul. 24	Eggs, Chickens, Turkeys	Aug. 23	Cotton & Wool
Jul. 25	Wheat	Aug. 24	Potatoes
Jul. 26	Cattle Inventory	Aug. 25	Feed
Jul. 27	Cattle Analysis	Aug. 28	Poultry & Eggs
Jul. 28	Vegetables	Aug. 29	Fruit
Jul. 31	Farm Prices	Aug. 30	Agricultural Outlook
Aug. 1	Agricultural Outlook	Aug. 31	Farm Prices

BEEF SUPPLIES TO TIGHTEN WORLDWIDE

Declining beef supplies—and soaring retail prices—dominate the U.S. food picture this year. The situation may not be unique to the United States, however, as reports from other countries point to an overall decline in world beef supplies during 1978.

Here at home, farmers and ranchers, stung by escalating feed prices, severe weather, and sagging cattle prices, began liquidating their herds in 1975. Since then, the beef cow herd has shrunk from 45.7 million head to only 38.7 million at the start of this year.

Producers now stand at the juncture of the traditional cattle cycle, where rising prices, brought about by smaller calf crops and dwindling beef supplies, signal the start of herd rebuilding. This spells reduced U.S. beef output for the next 2 to 3 years, as more cattle are held from market for herd expansion.

Elsewhere around the world, here's how economists size up the beef situation . . .

Australia, the United States' leading supplier, continues to be plagued by drought and low producer prices. Further herd reduction is seen this year, with total beef and veal production down 8 to 10 percent from 1977.

New Zealand, another top supplier, suffers from drought as well. Beef and veal output could drop 7 percent from 1977. Meantime, 3 years of unfavorable cattle prices have influenced some shifting from cattle to sheep.

Canada also has been trimming its cattle herd, and a 5-percent reduction in beef and veal appears likely.

In contrast, Mexico is expected to start rebuilding its herd this year, and with fewer animals going to

slaughter, beef and veal production may trail last year's mark by 2 percent.

Japan may boost domestic output by 7 percent, but buy an increased volume of American beef under a recent U.S.-Japan trade agreement which provides for a 10,000-ton hike in imports of high quality beef.

Production will probably edge higher in the European Community, where increases in West Germany, France, and Italy should more than offset reductions in Belgium, the Netherlands, and United Kingdom.

Herd expansion underscores the USSR meat situation, and as of January 1, 1978, the Soviets had about 4 percent more cattle on hand than a year earlier.

ON BREEDS AND BEANS

Today's soybean farmer produces more, far more, beans per acre than in the 1920's.

Scientists in USDA's Science and Education Administration set out to find the chief reason that soybeans sown in 1971-73 yielded 145 percent more beans than plants seeded 50 years before. Although improved land management contributed to the increase, it appears breeding played a significant role.

In a 3-year study, 21 old and new varieties were grown under the same conditions. The results—the new breeds yielded an estimated 45 percent more beans, lodged (fell over) 40 percent less, and grew 2.5 inches taller than their forebears.

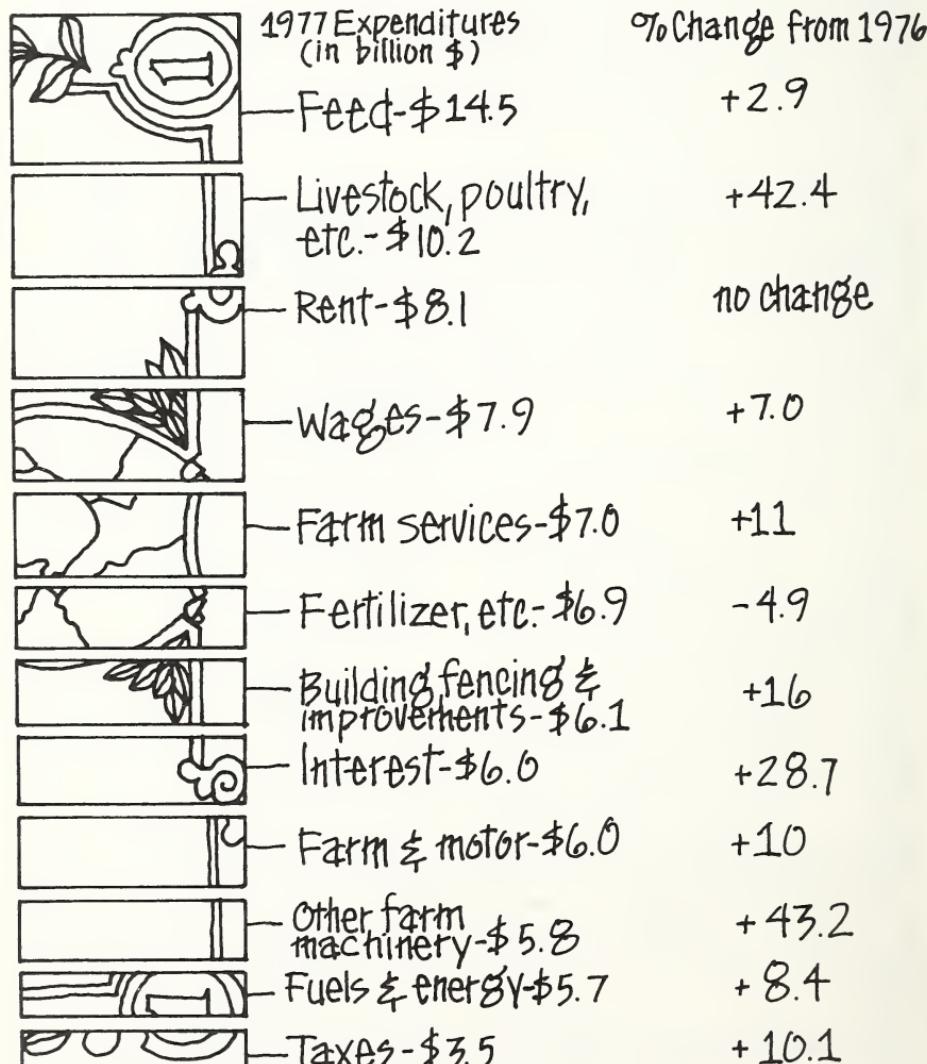
About a third of the study's varieties were first planted by farmers in the 1940's and 1950's. Their harvests notched a bit more than 29 bushels an acre, a 26-percent leap over older types. But soybeans developed in the 1960's produced even larger yields, bearing nearly 34 bushels an acre in the test plots.

PRODUCTION OUTLAYS UP AGAIN

Farm production expenditures climbed 9.7 percent during 1977, marking a 19.7-percent rise since 1975. The Crop Reporting Board's survey data indicate last year's outlay for U.S. farmers was \$97.9 billion following \$89.2 a year before and \$81.8 in 1975. The average expenditure per farm was \$36,238 in 1977, against \$32,165 the previous year, and \$29,172 for 1975.

Although farms with gross sales of at least \$100,000 in 1977 accounted for only 7.9 percent of all units, their expenditures hit nearly \$51 billion, 52 percent of the total. The average per farm came to \$245,207; a year earlier it was \$243,001.

Expenditures for feed took 14.8 percent of the 1977 total; livestock and poultry, 10.4 percent; rent was next with 8.3 percent, wages and contract labor were 8.1 percent; farm services, 7.2 percent; and fertilizer, lime, and soil conditioners came to 7 percent.



TALK TO THE EXPERTS

Here are the specialists within the Economics, Statistics, and Cooperatives Service who can provide much of the information you'll need about today's agriculture and related topics. Generally, those listed with an "S" can give you the latest production and stocks estimates, those identified with an "E" can help with supply-demand-price relationships and other economic factors, and those identified with a "C" can help with cooperative information.

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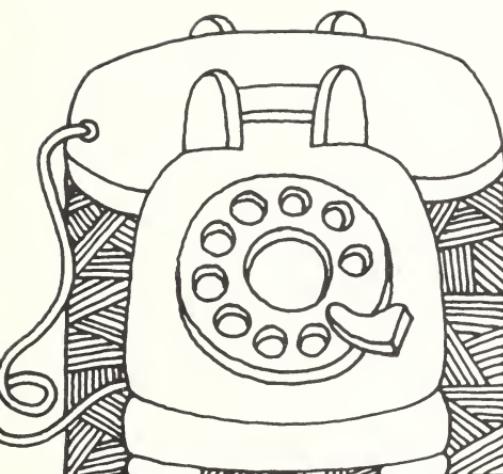
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Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS.

CATTLE PRICE PROSPECTS FOR THE SUMMER . . . Livestock prices climbed steadily and vigorously in the first half of 1978, exceeding expectations associated with slaughter rates, consumer incomes, and other usual price-making factors. These heavy price levels could soften in the days ahead even without a significant gain in market supplies. Prices to cattlemen from July through September are likely to hinge on the number in feedlots in the heavier weight groups, and fed stock marketings. Economists outline three price prospects: If fed cattle marketings are more than 5% above the year-earlier marks, look for the low \$50's; marketings matching or below last summer will crank up returns to near \$60; and the most likely situation—marketing gains in the 3 to 5% range probably will mean sales near \$55-\$57.

POULTRY PROSPECTS . . . USDA economists say broiler and turkey production will probably continue at record-high levels throughout 1978. Prices, however, will remain above 1977 figures, reflecting strong consumer demand in the face of rising red meat prices. Egg production should top year-earlier levels through the summer, but not match the large jump in output from the third to fourth quarter of last year. Producer prices may not equal last summer's 51.6 cents a dozen but will move higher this fall.

FROM FREEZE BRANDING TO ANIMAL CANCER CURE? . . . A freeze branding technique developed by Dr. R. Keith Farrell, a USDA veterinarian in Pullman, Wash., may also prove useful in treating cancerous tumors in swine and other animals. Dr. Farrell, of USDA's Science and Education Administration, has found that freezing malignant tumors on an animal arrests the development of both treated and untreated tumors within a few months. The technique involves applying a brass or copper rod that has been super-chilled in liquid nitrogen directly on the tumor for several seconds. Why the freezing also affects the untreated tumors is not known, but Dr. Farrell suspects the treatment triggers some type of immunity response. Despite promising results, it will be at least 5 years before the technique can be declared a cancer cure. Also, it's too early to tell if results are permanent, or if the treatment must be repeated periodically.

VEGETABLE RECEIPTS UP . . . Last year farmers harvested slightly more fresh market vegetables and melons from virtually the same number of acres as the year before. USDA's Crop Reporting Board said the 22 principal crops were grown on 1.57 million acres (634,000 hectares) and weighed 284 million cwt. (11.3 million metric tons). The total crop was worth \$2.35 billion, 4% above the previous year. Although 15 of the 22 crops gained in value, the top earners declined; lettuce receipts decreased \$44 million to \$425 million. Tomatoes, at slightly more than \$400 million, and onions, a bit above \$200 million, each slipped in 1977.

COOPERATIVE COMEDOWN . . . During fiscal 1976, the volume of business done by farmer cooperatives dropped by just over \$1 billion to \$40.1 billion, marking the first decline in more than 20 years. Blamed for much of the downturn were lower prices received for farm products. Meantime, the number of cooperatives and total cooperative membership also turned lower, continuing a long-term trend. Cooperative numbers fell from 7,645 to 7,535, reflecting ongoing mergers, consolidations, and acquisitions, while membership slipped from 6.1 to 5.9 million, as farm numbers declined further. Memberships exceed farm numbers because some producers belong to two or more cooperatives. The average cooperative had 784 members in fiscal 1976, compared with 801 a year earlier.

'77 SEED SALES GERMINATE INCREASED REVENUES . . . The 16 major seed crops carried a farm production value of nearly \$235 million last year, topping the year-earlier tally of roughly \$198 million. Alfalfa seed was tagged at over \$103 million, compared with \$82 million the previous year; harvested area, yield, and price per 100 pounds all gained. A distant second went to ryegrass worth \$36 million, against \$30 million in 1976; acreage and yield increases more than offset lower prices.

AND IN THE WESTERN WORLD . . . Last year, producers in the Western Hemisphere, excluding the United States, saw their export earnings soar to all-time highs on the strength of record shipments of grains, oilseeds, and sugar, and unusually high prices for coffee. Farm imports rose as well to meet increased food deficits in Mexico, Central America, the Caribbean, and North Andean region of South America. This year, however, the trade picture is clouded by lower world prices for coffee, sugar, and cotton, and by adverse weather, which has slashed exportable supplies of wheat, feed grains, and oilseeds in major producing countries. Sharply smaller wheat crops last season may force Latin America to import a record 10 million tons of wheat this year, with an increased share of the total coming from U.S. farms.

SMALL FARMERS GET CHANCE TO TELL THEIR STORY . . .

Representatives from USDA, the Community Services Administration, and other organizations will listen to farmers outline their problems and concerns at regional conferences scheduled this summer. Operators selected by community groups and other local farmers who really know what a "small farmer" is for their area, will be invited to gatherings in Montgomery, Ala., July 25-26; Iowa (no city announced) August 15-16; La Grande, Oreg., August 23-24; Portland, Maine, August 30-31; and Albuquerque, N. Mex., September 6-7. The information from the meetings will help officials determine administrative programs, policies, and legislation affecting small farmers.

TRY COOPERATIVES . . . Structural changes in the red meats industry threaten the survival of independent, family-size livestock producers, according to a special task force representing several USDA agencies and the University of Wisconsin. The researchers report that in 1975, the four largest meatpacking firms within the 25 biggest producing States accounted for 63% of fed cattle slaughter. This type of concentration, they say, weakens producers' marketing power and erodes the livestock pricing system. One alternative: more extensive use of cooperatives to widen producers' market access. At this point cooperatives play only a minor role in the red meats business. All marketing and meatpacking cooperatives handled only 12% of all cattle and calves, 15% of the hogs and pigs, and 15% of the sheep and lambs sold during 1975.

COTTON IN SPAIN . . . Spain imported record amounts of U.S. cotton during 1977 and may match or even top that level this year, according to USDA's Foreign Agricultural Service. Preliminary data indicate that American farmers supplied Spain with an estimated 98,500 bales in calendar 1977, representing nearly 30% of the country's cotton imports. The previous record was set in 1973 when the United States claimed a 28% share of the Spanish market.

DROUGHT STRIKES BLOW TO BRAZILIAN TRADE HOPES . . . Southern Brazil's worst drought on record has sharply reduced the country's soybean, corn, rice, and cotton crops. This could mean a \$1.5 billion reduction in the value of Brazilian farm exports, which normally account for about two-thirds of the country's export earnings. Foreign trade earnings are now forecast in the \$6 to 6½ billion range, with lower world coffee prices contributing to the downturn. USDA's Foreign Agricultural Service reports that agricultural imports needed to cover losses from the drought could reach \$300 million.

Statistical Barometer

Item	1976	1977	1978—latest available data	
Farm Food Market Basket:				
Retail cost (1967=100)	175	179	193	April
Farm value (1967=100)	179	179	207	April
Farmer's share of retail cost (percent)	39	39	41	April
Agricultural Trade:				
Agricultural exports (\$bil.)	23	² 24	2.5	April
Agricultural imports (\$bil.)	11	² 13	1.3	April
Farm Income:				
Volume of farm marketings (1967=100)	121	124	97	March
Cash receipts from farm marketings (\$bil.)	94.3	95.0	100.9	(³)
Realized gross farm income (\$bil.)	103.6	106.1	113.3	(³)
Production expenses (\$bil.)	81.7	85.7	91.5	(³)
Realized net farm income (\$bil.)	21.9	20.4	21.8	(³)
Income and Spending:				
Disposable personal income (\$bil.)	1,185.8	1,309.2	1,402.1	(³)
Expenditures for food (\$bil.)	199.5	218.3	231.1	(³)
Prices:				
Consumer price index, all items (1967=100)	170.5	181.5	191.3	April
Food (1967=100)	180.8	192.2	205.6	April
Food away from home (1967=100)	186.1	200.3	210.9	April
Food at home (1967=100)	179.5	190.2	204.3	April
Meats ⁴	178.2	174.2	197.1	April
Beef and veal	164.5	163.6	186.3	April
Pork	199.5	188.8	212.9	April
Poultry	155.7	156.7	169.8	April
Fish	227.3	251.6	266.5	April
Eggs	172.4	166.9	160.3	April
Dairy products ⁵	169.3	173.9	181.4	April
Fats and oils ⁶	173.7	191.4	200.1	April
Fruits and vegetables	175.4	191.6	208.9	April

¹Average annual quantities per family and single person households bought by wage and clerical workers, 1960-61, based on Bureau of Labor Statistics figures.

²Preliminary.

³Annual rate, seasonally adjusted, first quarter.

⁴Beef, veal, lamb, mutton, pork, and processed meat.

⁵Includes butter.

⁶Excludes butter.



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